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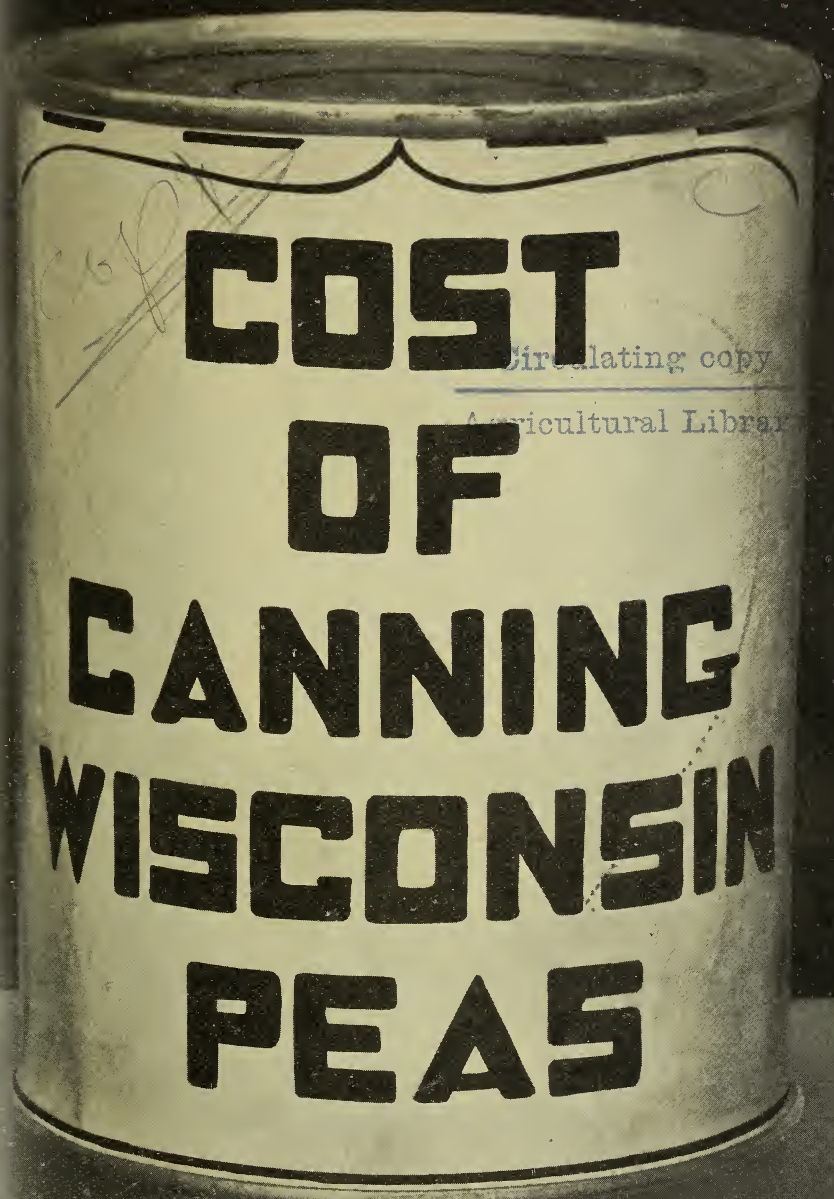

COST OF CANNING WISCONSIN PEAS

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DIGEST

Over $16,000,000 is invested in the pea canning industry of Wisconsin. Of this, farmers have $9,000,000 and canning companies $7,000,000. The value of the output of canned peas for 1919 was more than $12,000,000. Pages 4–5

High prices stimulated many new factories and brought Wisconsin to leadership in the industry. During the war, prices of canned peas were high because consumers wanted more peas than were produced. Page 5–6

Supplying the right amount of peas to consumers involves the payment of fair, proportionate prices to farmers, to manufacturers of containers and to pea canning factories for their mutual efforts in the industry. Pages 6–8

The establishment of new canning factories depends upon the level of prices which consumers will pay for the total annual pack of peas. While these prices continued high, it suggested a need for more factories. Now that the war is over and prices of peas have taken a disastrous tumble, those who plan new factories must consider whether a larger total supply of canned peas can be sold at remunerative prices. Page 8

Definite and dependable facts about costs and profits of growing and canning peas will increase demand and enlarge the industry. When consumers misunderstand basic production costs the tendency is to buy less than they otherwise would. Page 9

The production and canning of fancy or high quality peas requires skill in every detail. This necessarily demands the services of experts. Competition and demand for this grade of services compels payment of good wages and salaries. Pages 9–13

Pea canning is exceptionally hazardous. The ravages of disease and the effect of excessive rain or of unusually dry weather seriously affects either the quantity or the quality of the green peas and thereby influences the character and cost of the pack. Pages 13–16

The canning factory dollar was divided among several groups whose mutual efforts are essential to the making of a finished product for which consumers will pay. On the basis of one can No. 2 size, 3.05 cents were paid for peas, 3.22 cents for cans and boxes, 3.94 cents for maintaining and operating the factory, and 1.32 cents remained as the canner's profits. Pages 16–20

Pea canning, like farming, is a seasonal industry with a slow turnover. Competition makes a relatively wide margin of profit on each turnover necessary for both. Page 19

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Cost of Canning Wisconsin Peas

THEODORE MACKLIN

WISCONSIN leads the United States in pea canning. To maintain this leadership it is important for both farmers and pea canners to be properly informed concerning costs, profits and other conditions throughout the industry. Wisconsin's 1919 pack of peas amounted to 4,317,000 cases or over 103,600,000 cans. This was almost one can for every man, woman and child in the United States. Facts from 22 factories out of the 88 plants in operation during 1919 indicate that consumers cannot consider canned peas a farm product only. The average cost of canning over 30,000,000 cans of peas was 10.21 cents each. This was distributed among farmers, can manufacturers, makers of box parts, and others whose services were required in making the finished product from the raw materials.

Factories sold their canned peas at an average price of $2.77 per case containing two dozen No. 2 cans. Out of the 11.53 cents received for each can of peas, the farmer or grower of green peas was paid 3.04 cents, cans cost 2.62 cents, boxes .6 cents, all other factory and selling expenses amounted to 3.94 cents, and profits of factories before income taxes were deducted, averaged 1.32 cents.[1] That containers—the cans and boxes together—cost 3.22 cents, or more than the green peas is a significant fact that both consumers and farmers have not fully realized before. Canned peas are as much a product of mines and forests as they are of farms. If consumers throughout the United States are to enjoy Wisconsin peas during every season of the year they must pay for cans and boxes as well as for the green peas. All other necessary costs must also be met by consumers if factories are to continue packing peas.

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[1] This profit is in terms of cents per can sold and not on capital stock. Some plants make money on capital when others do not. Hence per cent of capital may mean little when per cent of sales means much.

A Sixteen Million Dollar Industry

About 56,672 acres were devoted to the growing of peas for canning in Wisconsin in 1919 according to figures from pea canning factories.[2] Four-fifths of this land was owned and cultivated by farmers; one-fifth was owned and cultivated by pea canning companies. At a valuation of $200 per acre, farmers

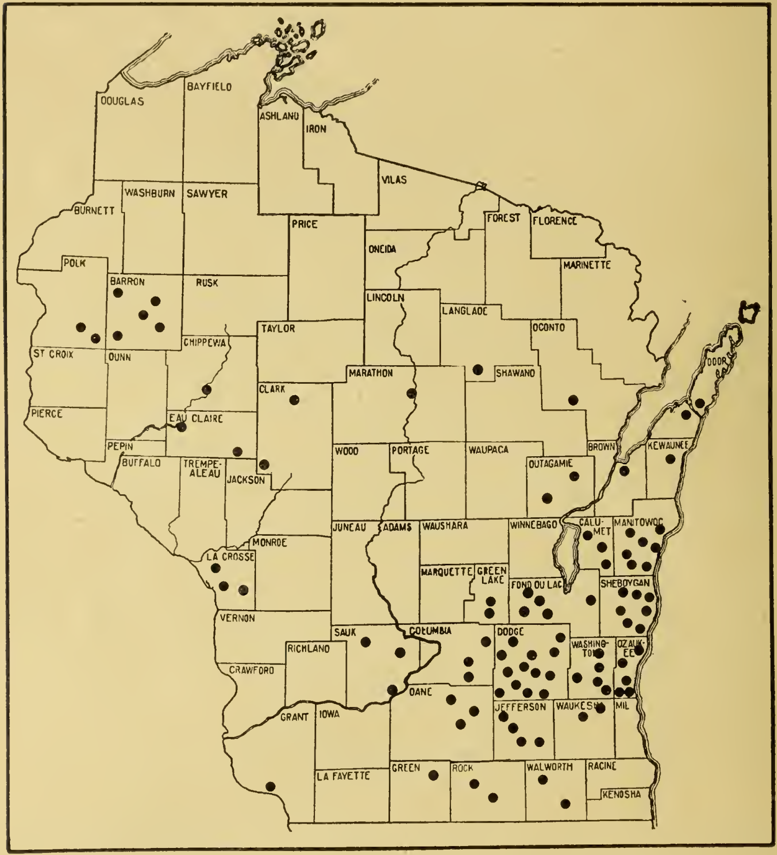

FIG. 1.—LOCATION OF WISCONSIN PEA CANNING FACTORIES

Each dot is a factory. All together these plants produce one-half of the canned peas of the United States annually.

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[2] All of the factories canning peas in Wisconsin were invited by the Wisconsin Agricultural Experiment station to answer questionaires and to submit copies of their operating statements showing complete cost analyses for their business. Only 22 plants out of 88 factories in operation during 1919 submitted answers and cost figures.

had $9,099,200 worth of land devoted to the growing of peas, while the canning companies had $2,235,200 worth of land for the same purpose. The total paid-up capital of the 88 factories, which includes their land just mentioned, is estimated at $7,026,976 based on the average of $79,852 for 19 factories reporting. Beside their fixed capital, canners are heavy borrowers of short time loan money to finance their business. Probably not less than $16,126,176 worth of land, buildings, and equipment—representing permanent investment—was utilized in producing the 1919 output of Wisconsin canned peas while some millions of dollars of short time loans were also utilized. The factory value of the 4,317,000 cases was approximately $12,000,000 or $2.77 a case. Pea canning from the standpoint of both farmers and factory managements is, therefore, one of the important industries of the state.

DEMANDS OF CONSUMERS STIMULATED PEA CANNING

During ten years, from 1910 to 1919, the output of canned peas for the United States doubled while Wisconsin's output increased four times. This rapid growth was due to the fact that consumers wanted peas and paid prices high enough to stimulate both the establishment of new canning factories and the growing of increased acreages of peas by Wisconsin farmers. The value of canned peas increased from $1.97 to $2.88 a case according to facts covering the operations of six plants for five years. It was in response to these increased prices that new pea canning factories were started and that farmers were paid more for their green peas.

TABLE I.—TIME OF ESTABLISHMENT OF 21 PEA CANNING PLANTS

Period	Number	Per cent
1900 to 1904	4	19
1905 to 1909	2	10
1910 to 1914	8	38
1915 to 1919	7	33
Total	21	100

Out of the 21 canning factories reporting their date of commencing business, 15 started operations since 1910 and only six previously. (See Table I). One-third of the plants were established between 1915 and 1919. In fact, four companies operated for their first season in 1919. In no other year were more than two new plants opened for business. The growing demand for canned peas was therefore stimulating more and more factories to engage in the business of providing a more nearly adequate supply of this food product for the buying public.

Wisconsin farmers contributed to the growth of the industry by cultivating larger acreages of peas in response to higher prices for the green product. Out of 22 plants only six gave complete information covering a five-year period. Their facts —shown in Table II—indicate that farmers increased their acreages of peas in response to the rising prices paid by the canning companies. That the output of peas did not necessarily correspond to the increased acreage grown emphasizes variable yield as one of the peculiar hazards of the pea industry. In 1918, farmers supplying these six factories were fortunate in having an unusually high yield averaging 2,448 pounds per acre. In 1919 the yield from a greater acreage was only 1,709 pounds per acre.

TABLE II.—PEA ACREAGE INCREASED WITH RISING PRICES[1]

Year	Average prices per pound paid farmers for green peas	Acreage of peas grown by farmers	Pounds of peas produced by farmers	Per cent increase in price over 1915	Per cent increase on acreage over 1915	Per cent increase in peas over 1915
	Cents					
1915....	2.023	3,978	8,408,751	....	....	....
1916....	2.004	4,096	8,056,220	.9[2]	2.8	4.2[2]
1917....	2.086	4,316	8,441,588	3.1	8.4	.4
1918....	2.770	4,736	11,597,057	36.9	19.0	37.9
1919....	3.268	5,087	8,695,422	61.5	27.7	3.4
Av.....	2.460	4,443	9,039,807	21.6	11.6	7.5

[1] Facts shown are the totals or averages from six plants which operated during all of the five years—1915 to 1919.

[2] Decrease.

RELATION OF PRICES TO QUANTITY OF PEAS

In spite of the rapidly increasing number of new canning plants and the increased acreages grown by farmers, not enough peas were canned to satisfy all consumers. When the demand for a product cannot be met, prices are high because people who have the means bid prices high enough to assure themselves a supply of what they want. Precisely this has happened to peas. Prices rose and thereby stimulated higher production. It should not be overlooked, however, that the production of canned peas requires three essentials. Farmers must be induced to grow green peas; manufacturers of cans and boxes must be stimulated to provide containers; and canning factories must be built and operated. In the absence of any one of these conditions no important quantity of peas can be placed on the markets of the country. To induce each one of these groups to do its part fully and efficiently necessitates that farmers, can and box manufacturers, and canning companies each receive a stimulating share of the factory selling value of the finished goods. If an insufficient price is paid by the canning company for green peas, farmers will produce less than enough to meet the needs of consumers. If too much is paid, the profits of canning companies will be so low that new factories will not be built and the output of this food will continue to be less than the amount desired by consumers.

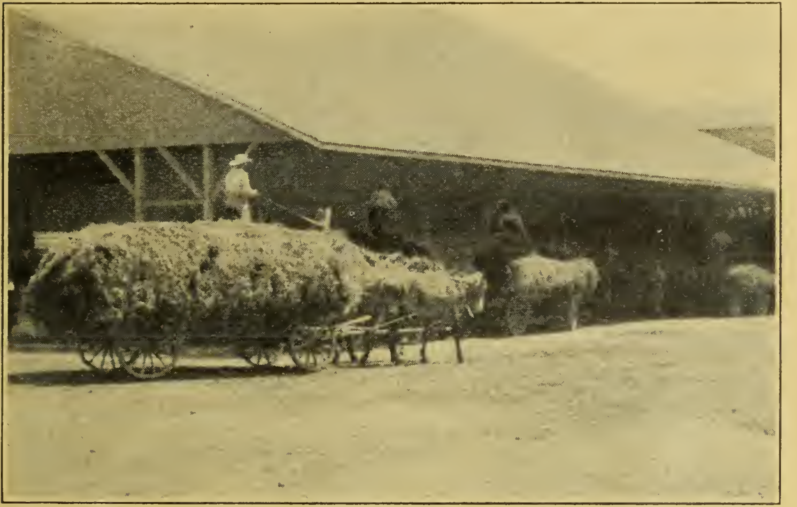

FIG. 2.—AT THE VINING STATION.

Here farmers dispose of their peas and machinery commences the complicated work of preparing and canning.

OUTPUT DEPENDS UPON NUMBER OF FACTORIES

If the demands of consumers are to be satisfied, both producers and finishers of raw material should receive fair shares of the value of the finished product. Under present conditions, canning factories can economically put up the peas from limited acreages only. While the number of acres of peas grown per canning plant varied from 225 to 1,631 in Wisconsin, the average acreage for 18 concerns was 644 acres in 1919. An average of 517 acres per factory were cultivated by farmers, while the companies themselves directed the cultivation of an average of 127 acres per factory. Because canning factories are able to can the peas from a limited acreage only, any greatly increased output of canned peas may be brought about only by establishing new canning factories and stimulating new groups of farmers to supply them with green produce.

PROFIT STIMULATES ESTABLISHMENT OF PEA CANNERIES

During the war, consumers demanded ever increasing quantities of canned peas and paid remunerative prices for them. In response to the rising prices for green peas, farmers produced enough raw material to bring Wisconsin to first place as a pea growing state. Moreover, the profits of canning companies were sufficiently high to cause the establishment of many new plants some of which were built and operated by farmers cooperatively. Any one could enter the pea canning business, whether private or cooperative, and make good profits. This has been the direct result of a strong consumer demand which gave prices that were stimulating alike to canning companies, to manufacturers of cans and boxes, and to farmers. So long as these same stimulating conditions persisted it was almost certain that new plants would be started to provide new groups of farmers with a means of supplying consumers with greater quantities of peas. When these stimulating conditions cease, all concerned with pea canning may well examine the cause and find whether consumers are unwilling to pay remunerative prices to obtain either the same or an increasing supply. If either the same or a reduced supply is needed, it is also certain that new factories no longer will be desirable. Such a situation might readily develop by a fall in profits due to competition of pea canneries to dispose of any supply produced in excess of what consumers need.

MISUNDERSTANDING OF FACTS INJURES MARKET

Because the costs of canning peas involve practically equal payments to farmers, to can and box manufacturers, and to pea canning concerns, it is economically desirable that these costs should be more widely known. Few persons realize that the cost of cans and boxes exceeds the value of the canned peas they contain. Therefore, consumers are misled by the popular idea that the only justifiable element of cost in canned peas is the peas themselves. Manifestly, it injures the market if buyers consider the product worth only three cents simply because farmers received that amount. If consumers know that the finished product actually costs 10.21 cents—made up of many items of expense beside what farmers are paid,—this information tends to convince the consumer that he is not overcharged.

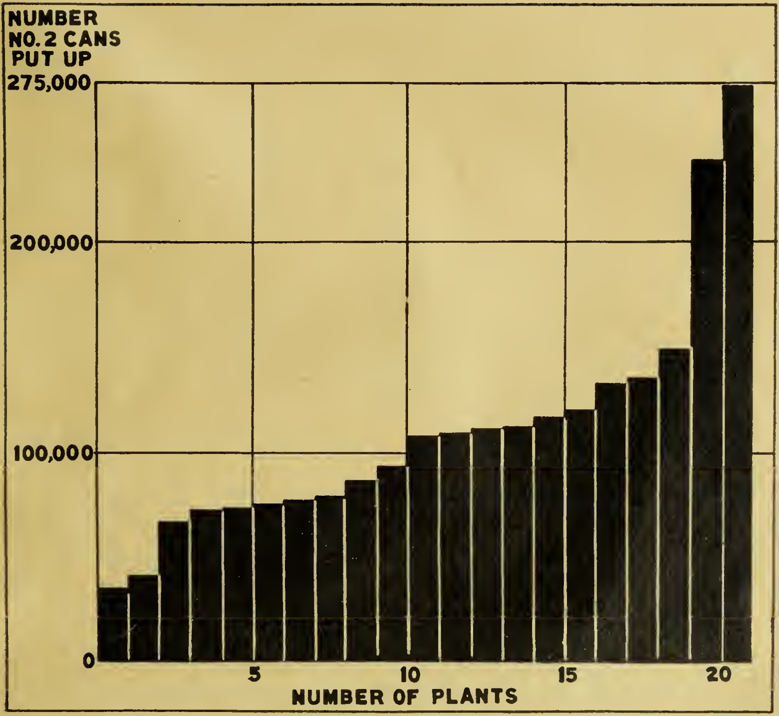

FIG. 3.—HOW PEA CANNING FACTORIES VARY IN SIZE.

The lengths of the black bars indicate the relative output per factory in number of cases of No. 2 cans. They ranged from less than 40,000 cases to almost 275,000 cases.

This knowledge leads to greater demand. Such information is helpful to farmers also because it explains some of the unknown facts about market outlets. Green peas could not be produced in present quantities were it not for the hermetically sealed can and for canning plants and machinery that minimize the expense of processing in large amounts.

TABLE III.—CANNING FACTORY TOTAL COSTS BY SIZES OF PLANT

Output in number of doz. of cans of No. 2 size	Number of factories	Average output per plant in doz. of No. 2 cans	Average factory cost per doz. No. 2 cans	Average general and selling cost per doz. No. 2 cans	Average total of all costs per doz. No. 2 cans
Under 60,000.............	2	37,874	$1.063	$.116	$1.179
60,000 to 80,000...........	6	74,162	1.144	.170	1.314
80,000 to 100,000..........	2	90,347	1.069	.168	1.237
100,000 to 120,000...	5	112,056	.973	.215	1.188
120,000 to 140,000.........	3	129,759	1.053	.186	1.239
140,000 and over.........	3	220,849	1.066	.143	1.209
Average of 21 factories.	....	110,186	1.055	.176	1 231

MANY INFLUENCES AFFECT CANNING

Peas are canned in factories which vary greatly not only in size, but also in the ability and efficiency of their management. As a consequence, some factories put up and dispose of their products at much greater expense than do the more efficient concerns. Furthermore, the variation in yield and quality of green peas decidedly influences the cost and value of the annual pack. To view costs from any one angle to the exclusion of others equally important, is to invite injury to an industry in which Wisconsin farmers and canners have taken the leadership. Each angle of the industry must be viewed in the light of facts as they appear in practice.

SIZE OF FACTORY DEPENDS UPON ACREAGE AND YIELD

The cost of canning is apparently the same, whether canning factories are large or small, provided they are operated at capacity and are efficiently managed. Figures grouped according to sizes of plants (shown in Table III) indicate this clearly. The expediency of canning peas in large or small plants must, therefore, hinge largely upon the acreage of peas likely to be grown annually during the life of the factory and its equipment. That 16 out of 21 factories were equipped as *two line*[3] plants, while the majority of the plants canned peas from acreages varying from 400 to 800 acres—averaging 644 acres—suggests an important relation. One reason why canning costs differ is because factories cannot be operated efficiently and at full capacity always. At times, new acreage may be added to utilize additional machinery fully and so a factory may be enlarged. However, after additional lines are installed any reduction in acreage necessarily means that one or more lines are likely not to be operated at full capacity. Hence in some cases, larger plants actually may have greater operating expense than smaller plants. It is important, therefore, that a canning factory should be adapted to efficient canning of the average annual yield of peas.

PEA CANNING FACTORIES EXPENSIVE

Pea canning is a costly undertaking because peas must be picked or hulled, cleaned, graded, placed in cans, and processed. These operations must be performed either by hand or by costly machinery. To save labor, as well as to guarantee that the work will be done, requires expensive machinery. But in spite of high expenditure for machinery the work is thereby done at less cost than by the use of hand labor. For example, viners now do the work which formerly required 200 women. No factory reported less than three viners and many plants had

TABLE IV.—AUTHORIZED AND PAID-UP CAPITAL OF PEA CANNERIES

Amount of capital authorized	Number of companies	Total authorized capital	Total paid-up capital	Average authorized capital	Average paid-up capital
$25,000 to $50,000............	5	$180,000	$169,000	$36,000	$33,800
$50,000 to $75,000............	4	222.800	212,600	55,700	52,520
$75,000 to $100,000...........	3	240,000	167,200	80,000	55,738
$100,000 to $125,000..........	5	520,000	482,500	104,000	96,500
$125,000 and over............	2	700,000	485,900	350,000	242,950
Total..................	19	$1,862,800	$1,517,200	98,042	79,852

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[3] The number of lines refers to the number of units of machinery installed for canning peas.

seven or eight. The average was 10 viners per factory. That would mean employing 2000 women to do only a fraction of the work which must be done before green peas are canned. Therefore labor as well as space is economized by utilizing machinery even though it is expensive. More important still, the machine guarantees that this work will be done for which laborers could not be secured in sufficient numbers.

Few persons realize that a pea canning factory calls for a paid-up investment varying anywhere from $100 to $200 or more per acre of peas grown. In Table IV both the authorized and paid-up capital of 19 concerns are shown according to size groups. The average paid-up capital of almost $80,000 per plant, when compared to an average of 644 acres of peas grown and canned, indicates that pea canning factories cost $125 per acre of peas.

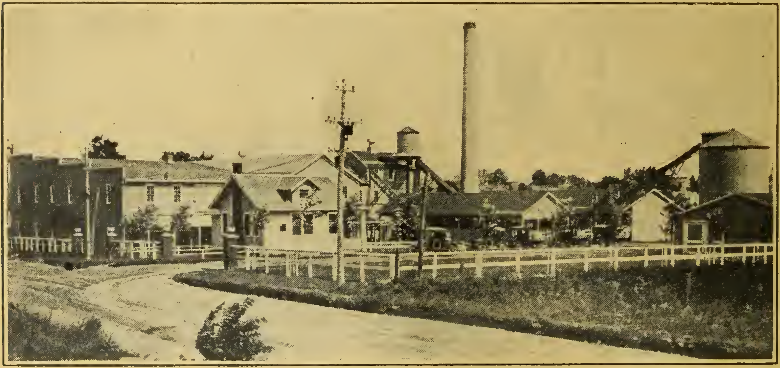

FIG. 4.—ONE OF WISCONSIN'S PEA CANNING FACTORIES.
Plants of this kind represent on an average an investment of $125 for every acre of peas grown for canning.

PEA CANNING IS INTRICATE PROCESS

Since the delicate, fresh flavor of canned peas makes them desired by consumers and because this quality is easily destroyed—either by delayed or careless harvesting, or by unskillful handling and processing in the canning factory—expert management is essential. The expense of employing expert management, combined with a heavy investment and the fact that the plant can be operated for a short time only and at great speed, make relatively heavy costs unavoidable. That boxes, cans and condiments represent raw materials which cost far more than the green peas themselves further suggests that canning is a complicated form of manufacturing. The managers of canning concerns, therefore, whether they be employed by private or by co-operatively owned and operated companies, are obtainable only by paying good salaries and commissions. Necessarily, this contributes to a relatively large overhead expense.

PEA CANNING UNUSUALLY HAZARDOUS

The principal hazards of the pea industry are due to the extreme fluctuations in quantity and quality of green peas produced annually, and in the difficulty of properly processing the peas. The supply of green peas to be canned depends partly on the acreage and partly upon the yield per acre. While the acreage might be controlled, it is impossible to overcome weather conditions which cause high or low yield and good or poor quality—all of which so vitally affect the cost and value of the annual pack. Among the principal causes of low yield and poor quality are disease ravages, excessive rain, and shortage of moisture due to dry growing season.

TABLE V.—FLUCTUATION IN AVERAGE YIELD OF PEAS AND PACK FOR SIX CANNING PLANTS

Year	Average number acres of peas	Average pounds of peas per acre	Average number cases of peas packed	Per cent changes in acreage compared to 1915	Per cent changes in yield compared to 1915	Per cent changes in pack compared to 1915	Per cent changes in net profit compared to 1915
1915....	663	2,114	75,531	100.0	100.0	100.0	100.0
1916....	682	1,967	65,242	102.8	93.0	86.4	78.4
1917....	719	1,956	74,983	108.4	92.5	99.3	109.8
1918....	789	2,448	101,896	119.0	115.8	134.9	98.0
1919....	848	1,709	77,153	127.7	80.8	102.1	51.0
Av. for 5 years	740	2,035	78,961	111.6	96.3	104.5	80.4

Some idea of the variations occurring in Wisconsin factories may be gained from data in Table V. These figures indicate that while the acreage of peas grown has steadily increased, the yield per acre fluctuated violently from 2,448 pounds per acre to only 1,709 pounds. Moreover, while the very low yield of 1919 increased canning costs unduly and reduced profits to little more than one-half of what they had been in 1918 and 1915; profits in 1917 were the highest in spite of a low yield because a greater pack was fortunately obtained. An unusual demand also gave prices which were above normal and this increased profits greatly.

TABLE VI.—FLUCTUATION IN PRODUCTION OF CANNED PEAS

Year	Total cases of peas packed in United States	Cases of peas packed in Wisconsin	Per cent variation of U. S. supply based on average[1]	Per cent variation of Wis. supply based on average[2]	Per cent changes in Wis. output compared to 1908
1908.........	5,577,000	2,200,000	74.6	75.7	100.0
1909.........	5,028,000	1,878,000	67.2	64.7	85.3
1910.........	4,347.000	1,086,000	58.2	37.3	49.3
1911.........	4,532,000	1,520,000	60.6	52.3	69.9
1912.........	7,037,000	2,658,000	94.1	91.4	102.8
1913.........	8,770,000	3,348,000	117.3	115.1	152.8
1914.........	8,847,000	3,555,000	118.4	122.2	161.5
1915.........	9,272,000	3,469,000	124.7	119.3	157.6
1916.........	6,686,000	2,763,000	89.8	94.1	125.5
1917.........	9,829,000	3,569,000	131.5	122.7	162.2
1918.........	11,063,156	4,519,934	148.0	155.8	205.4
1919.........	8,685,000	4,317,000	116.2	148.5	196.2
Total 12 years.....	89,673.156	34,882,934	....	....	....
Average 12 years.....	7,472,156	2,906,911	100.0	100.0	132.1

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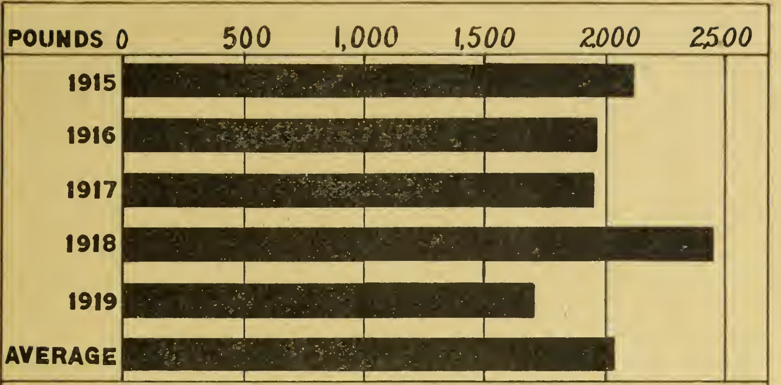
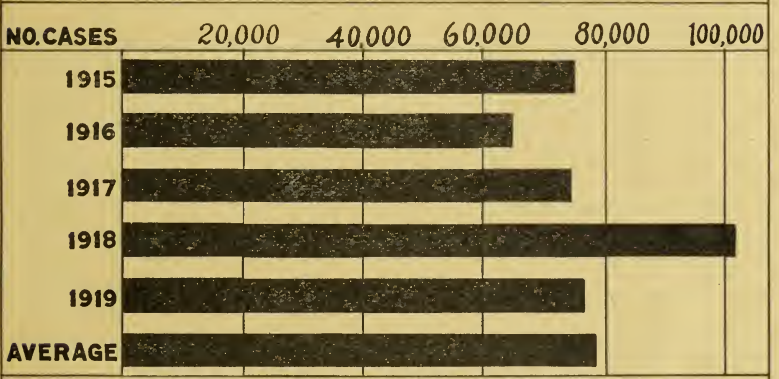
[1] Average pack in United States 1908 to 1919.
[2] Average pack in Wisconsin 1908 to 1919.

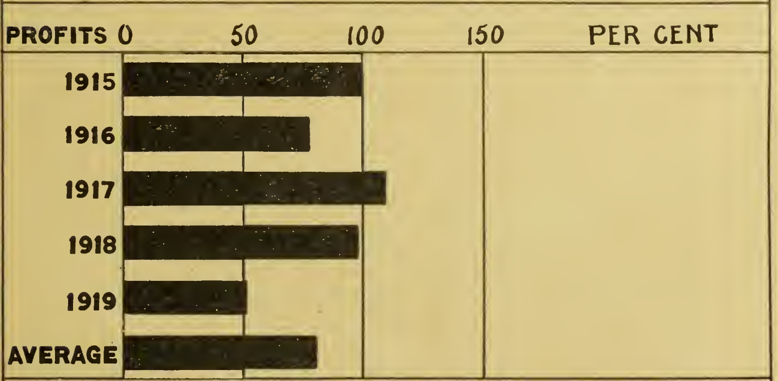
While Wisconsin produced one-half of the canned peas of the country in 1919, this leading position does not prevent fluctuation in the annual supply of peas as Table VI indicates. Less than half as many peas were canned in Wisconsin in 1910 as in 1908 and the country's total pack also dropped off seriously at the same time. This undoubtedly was due not to inability to grow the raw material but to the fact that consumers would not purchase such large quantities at remunerative prices. Consideration of the facts of the supply and demand for canned peas indicates that it is a most hazardous undertaking. Since



Pounds of peas harvested per acre. Each bar represents the average yield for six plants for each year.



Cases of peas packed per factory. Each bar represents the average number of cases packed by six plants in each year.



Using canners profits in 1915 as a base for comparison, or 100 per cent, profits in 1919 were but one-half as large and those of 1917 larger.

FIG. 5.—ANNUAL AVERAGE VARIATIONS FOR SIX FACTORIES.

neither yield, quality, nor demand are controllable or stable, the prospect of both remunerative prices and attractive profits is a matter of chance far more than in the case of farm commodities such as livestock, wheat, and dairy products, for which demand is more definite and constant.

COST OF CANNING PEAS

Pea canning costs vary from year to year as well as for different factories during the same year. The average costs for 1919, together with the highest and lowest expenses, are shown in Table VII. The differences in expenditure for any single item of expense as shown in this table are more than enough to mean profit or loss for any company. The fact that a concern paying a high price for cans paid a lower price for peas, or operated with less overhead or with other smaller expense, en-

TABLE VII.—RANGE OF PEA CANNING FACTORY COSTS—1919[1]

Item of expense	Average cost per doz. cans	Highest cost per doz. cans	Lowest cost per doz. cans
	Cents	Cents	Cents
Green peas[2]	36.52	42.10	26.80
Cans	31.37	35.70	28.40
Direct labor	12.02	21.72	6.45
Factory overhead	11.87	24.10	5.81
Boxes	7.23	9.00	4.70
Depreciation[3]	3.61	6.90	1.64
Labels	1.99	3.15	.90
Condiments	1.60	3.12	.50
Interest on borrowings[4]	1.55	3.19	.05
General overhead	7.81	20.80	3.06
Selling expense	6.98	10.40	4.10
Total cost	122.55	140.70	106.00
Net profit[5]	15.91	....	....
Selling price	138.46	....	....

[1] Compiled from data submitted by 22 Wisconsin pea canning plants for 1919.

[2] The extreme variation in cost of green peas is due to a number of conditions chief of which are (1) the higher price paid for highest grade peas and the low price paid for poor peas, (2) the fact that some companies grew large acreages of peas which were charged up at lower prices than were paid to farmers or visa versa.

[3] Depreciation on building and machinery.

[4] Money required for short time to finance canning operation.

[5] Net profit before deduction of income taxes.

abled it to keep the total costs at a figure varying from $1.06 to $1.41 per dozen cans, which sold for an average price of $1.38½ per dozen. That the average cost was $1.22½ while the average price was $1.38½ resulted in profits for the canners averaging 15.9 cents per dozen cans.

What Becomes of the Canning Factory's Dollar

Few persons realize that pea canning is such an intricate and expensive process. Table VIII shows the average cost of producing a finished can of No. 2 size. In this size of can are contained about 14 ounces of peas and 7 ounces of liquor. This 14 ounces of green peas cost factories on an average 3.05 cents or 29.8 per cent of their total costs. The expenditure for cans amounted to almost as much as that for the peas, while cans and boxes combined actually cost 3.22 cents or more than the peas. More than three-fifths of the cost of canning peas or 61.3 per

TABLE VIII.--FACTORY COSTS ON 30, 138, 336 CANS OF PEAS NO. 2 SIZE[1]

Item of expense	Average cost per No. 2 can	Per cent of total cost	Per cent of selling price
	Cents		
Green peas	3.04	29.8	26.4
Cans	2.62	25.6	22.7
Direct labor	1.00	9.9	8.7
Factory overhead	.99	9.8	8.6
Boxes	.60	5.9	5.2
Depreciation[2]	.30	2.9	2.6
Labels	.17	1.6	1.5
Condiments	.13	1.2	1.1
Interest on borrowings[3]	.13	1.2	1.1
General overhead	.65	6.4	5.6
Selling expense	.58	5.7	5.0
Total cost	10.21	100.0	....
Net profit[4]	1.32	....	11.5
Selling price	11.53	....	100.0

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[1] Compiled from facts submitted by 22 Wisconsin pea canning plants.

[2] Depreciation on buildings and machinery.

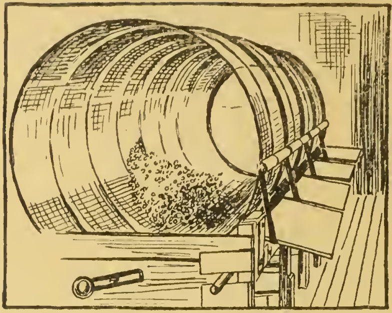
[3] Pea canners are obliged to borrow money to finance their purchase of peas, supplies, and various other expenditures during the flush producing season before money is recovered for the finished product.

[4] Net profit before income taxes are deducted.

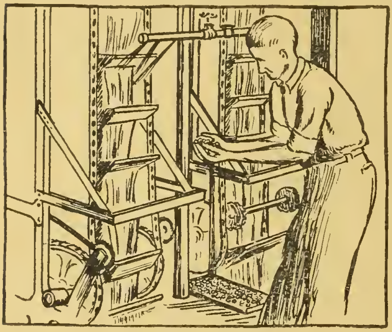
cent, therefore, represented raw material and containers. The remaining expenses amounting to 3.94 cents or 38.7 per cent of the total cost as shown in Table VIII, were for operating and maintaining the factories including warehouse facilities, management, and selling arrangements.

As a result of consumer demand and the various costs of distributing peas, canning factories received an average price of 11.53 cents per No. 2 can of peas. Since the total cost amounted to 10.21 cents per can, company profits averaged 1.32 cents on each can. It should be emphasized that the profit as herein referred to means only the amount of profit per can of peas. It has no direct reference to rate of profit earned on capital stock. Furthermore, various items such as income taxes were not deducted from net profit as here shown because they were so variable.

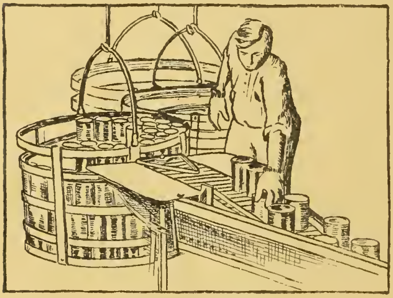
It should be emphasized in any comparison of the profits of pea canning companies with profits of other enterprises that the money invested is turned over but once during a year. In this respect, pea canning concerns are confronted with problems



Sizing.



Washing.



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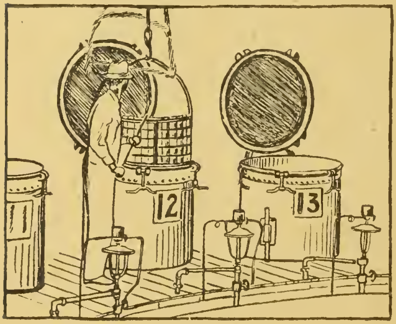

Cookers.

FIG. 6.—A FEW STEPS IN CANNING PEAS.

similar to those met by farmers. With both farmers and pea canning factories, losses cannot be overcome so readily as in other work where the turnover varies from five to thirty times annually. The further fact that canning plants must stand idle from 40 to 48 weeks out of the year because peas are canned only during a period of 4 to 8 weeks, inevitably means a heavy risk that justifies commensurate pay. Middlemen and producers whose turnover is rapid are more able to make up for any losses during the same year than are those with only one turnover. Obviously the margin of profit tends to be wider in cases of slow turnover than in instances where turnover is rapid. Competition leads to this situation. Were the profit narrower, money would be invested in other industries than pea canning and neither farmers nor consumers would be benefited by markets and supplies.

To the consumer who enjoys eating peas it must be a consolation to know that factory costs per can actually approximate 10.21 cents even though the green peas cost only 3.05 cents. Similarly, the farmer must appreciate that these various basic costs must be met in some way or other. That cooperative pea canning factories had to meet all the same expenses as the private factories studied, is doubly reassuring to both consumers and farmers. Furthermore, that the price of green peas increased 61.5 per cent while the factory value of the pack increased 46.2 in the face of costs that rose 79.4 per cent during a five-year period, means that conditions in the industry are flexible and that various adjustments are being worked out within it. It is to the vital interest of both farmers and canning companies to have markets which will demand peas at prices on a new level which will be remunerative alike to farmers, to can and box manufacturers and to canning companies. Information which assures consumers that farmers and factories are doing their utmost to improve the quality and to turn out greater quantities and larger proportions of high grade produce will increase demand. Moreover, if consumers become convinced that canned peas justify high prices, because the processes of growing and canning them are expensive, they will willingly pay adequate prices for what they want rather than go without their accustomed supply. Future progress of the Wisconsin pea canning industry will be guaranteed by tempering the various individual interests to a program which emphasizes giving the consumer quality and knowledge of costs, and of providing both farmers and canners with an equitable division of the value of their product based on average results over a period of years rather than for short periods of time.

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Canning Enlarges Markets

Canning highly perishable products is a boon both to consumers and to farmers. Consumers now enjoy preserved fruits and vegetables throughout the year largely because of it. By preserving perishable products for sale throughout twelve months, compared to former markets restricted to a few weeks or months, canning enables farmers profitably to produce perishables in a vastly greater quantity. Canning is therefore a necessary marketing service.

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